



**Byron W. Hinson**  
Director  
Rates and Regulatory Services

December 14, 2018

Ms. Jocelyn Boyd  
Chief Clerk & Administrator  
The Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

Dear Ms. Boyd:

Attached are copies of the Quarterly Report for South Carolina Electric & Gas Company, Electric Retail Operations and Gas Distribution Operations for the twelve months ended September 30, 2018.

The return on equity ("ROE") for SCE&G's retail electric operations of 7.75% for the twelve months ended September 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 7.75% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 7.75% for the twelve months ending September 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Ms. Jocelyn Boyd  
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December 14, 2018

Additionally, pursuant to PSC Order No. 2018-308 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve-months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

SCE&G reserves its rights to supplement this filing, as appropriate.

Sincerely,



Byron W. Hinson

cw

Attachments

c: Dawn Hipp (ORS)  
Jay Jashinsky (ORS)

# CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



\_\_\_\_\_  
Signature of Chief Executive Officer

Jimmy E. Addison

Typed or Printed Name of Person Signing

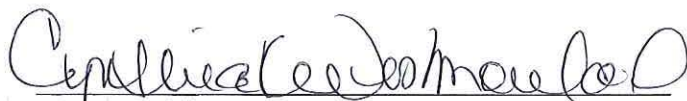
Chief Executive Officer

Title

12/13/18

\_\_\_\_\_  
Date Signed

Subscribed and Sworn to me on this 13<sup>th</sup> of DECEMBER,  
2018.



\_\_\_\_\_  
Notary Public

My Commission Expires: 07 06 21



# **CERTIFICATION**

I, Iris N. Griffin, state and attest, under penalty of perjury, that the attached Quarterly Reports of Retail Electric Operations and Gas Distribution Operations are filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said reports and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

  
 Signature of Chief Financial Officer

Iris N. Griffin  
 Typed or Printed Name of Person Signing

Chief Financial Officer  
 Title

10/13/18  
 Date Signed

Subscribed and Sworn to me on this 13<sup>th</sup> of December  
 2018.

  
 Notary Public

My Commission Expires: 07-25-21

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RETAIL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED SEPTEMBER 30, 2018

DESCRIPTION	PER BOOKS ADJ. FOR REGULATORY ORDERS <sup>(1)</sup> (\$)	ACCOUNTING & PRO FORMA ADJUSTMENTS (\$)	TOTAL AS ADJUSTED (\$)
	COL. A	COL. B	COL. C
<u>OPERATING REVENUES</u>	<u>2,332,317,824</u>	<u>(149,379,498)</u>	<u>2,182,938,128</u>
<u>OPERATING EXPENSES</u>			
Fuel Costs	685,721,305	-	685,721,305
Other O&M Expenses	569,503,159	(12,547,290)	556,955,869
Deprec. & Amort. Expenses	276,442,923	(364,577)	276,078,346
Taxes Other Than Income	211,766,581	6,802,720	218,569,301
Income Taxes	119,938,420	(17,651,106)	102,287,314
Total Operating Expenses	1,863,372,388	(23,760,253)	1,839,612,135
Operating Return	468,945,236	(125,619,243)	343,325,993
Customer Growth	2,288,289	(612,978)	1,675,311
Int. on Customer Deposits	(1,379,798)	-	(1,379,798)
Total Income for Return	<u>469,853,729</u>	<u>(126,232,221)</u>	<u>343,621,508</u>
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	10,177,386,104	(306,845,978)	9,870,540,126
Reserve for Deprec.	3,922,020,314	(579,437)	3,921,440,877
Net Plant	6,255,365,790	(306,266,541)	5,949,099,249
CWIP	296,969,921	(58,251,436)	238,718,485
Net Deferred/Credits	3,236,985,672	(3,829,269,268)	(592,283,596)
Accum. Def. Income Taxes	(883,287,389)	(1,407,710)	(884,695,099)
Materials & Supplies	375,977,619	13,206,081	389,183,700
Working Capital	9,561,604	(1,568,411)	7,993,193
Total Original Cost Rate Base	<u>9,291,573,217</u>	<u>(4,183,557,285)</u>	<u>5,108,015,932</u>
 RATE OF RETURN	 5.06%		6.73%
RETURN ON EQUITY	4.60%		7.75%

Note <sup>(1)</sup> The regulatory per books amounts shown in Column A, Per Books Adj. for Regulatory Orders reflect the following:

- The net investment in the nuclear project is recorded in Net Deferred Debits/Credits and has been removed from CWIP;
- SCE&G has reduced the amount of Net Deferred Debits/Credits by cumulative impairment charges of \$670 million which SCE&G recognized during the third and fourth quarters of 2017;
- SCE&G has removed the tax impacts of these impairment charges from amounts shown here; and
- SCE&G has reflected its estimate of tax reform for the first, second, and third quarters of 2018.

For information purposes only, including DSM revenues and expenses, the Total as Adjusted ROE is 8.36%

The return on equity ("ROE") for SCE&G's retail electric operations of 7.75% for the twelve months ended September 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 7.75% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 7.75% for the twelve months ending September 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that DRS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-308 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve-months ending December 31, 2017.

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Supplemental  
Schedule To  
Exhibit ASOUTH CAROLINA ELECTRIC & GAS COMPANY  
ANNUALIZED INTEREST EXPENSE

TWELVE MONTHS ENDED SEPTEMBER 30, 2018

RATE BASE	\$ 9,550,437,254
LONG-TERM DEBT RATIO	<u>47.12%</u>
	\$ 4,500,166,034
AVERAGE COST OF DEBT	<u>5.58%</u>
ANNUALIZED INTEREST	\$ 251,109,265
TAX BOOK INTEREST	<u>\$ 267,852,704</u>
INTEREST ADJUSTMENT	<u>\$ (16,743,439)</u>

## ADJUSTMENT TO INCOME TAXES:

STATE INCOME TAX @ 5%	\$ 837,172
FEDERAL INCOME TAX @ 21%	<u>\$ 3,340,316</u>
TOTAL INCOME TAX EFFECT	\$ 4,177,488
RETAIL ELECTRIC RATE BASE PERCENTAGE	<u>97.90%</u>
	<u>\$ 4,089,686</u>

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SOUTH CAROLINA ELECTRIC & GAS COMPANY  
PLANT IN SERVICE, CONSTRUCTION WORK IN PROGRESS, AND RESERVE FOR DEPRECIATION

AT SEPTEMBER 30, 2018

	TOTAL PER BOOKS ADJ. FOR REGULATORY ORDERS \$	RATIOS %	ALLOCATED TO RETAIL \$
<b><u>ELECTRIC PLANT IN SERVICE</u></b>			
Production	\$ 4,711,761,372	96.69%	\$ 4,555,802,070
Transmission	\$ 1,723,595,519	96.53%	\$ 1,663,855,699
Distribution	\$ 3,364,960,592	99.99%	\$ 3,364,590,446
General	\$ 203,035,356	97.80%	\$ 198,559,001
Intangible	\$ 79,430,353	97.80%	\$ 77,679,138
Common	\$ 324,044,003	97.80%	\$ 316,899,750
<b>TOTAL</b>	<b>\$ 10,406,827,195</b>		<b>\$ 10,177,386,104</b>
<b><u>CONSTRUCTION WORK IN PROGRESS</u></b>			
Production	\$ 141,366,052	96.69%	\$ 136,686,836
Transmission	\$ 124,380,078	96.53%	\$ 120,069,064
Distribution	\$ 19,998,106	99.99%	\$ 19,995,906
General	\$ (1,843,763)	97.80%	\$ (1,803,113)
Intangible	\$ 20,593,664	97.80%	\$ 20,139,632
Common	\$ 1,924,015	97.60%	\$ 1,881,596
<b>TOTAL</b>	<b>\$ 306,416,152</b>		<b>\$ 296,969,921</b>
<b><u>RESERVE FOR DEPRECIATION</u></b>			
Production	\$ 2,259,321,163	96.69%	\$ 2,184,537,633
Transmission	\$ 372,117,901	96.54%	\$ 359,238,900
Distribution	\$ 1,074,805,556	99.99%	\$ 1,074,687,327
General	\$ 161,084,373	97.63%	\$ 157,269,161
Common	\$ 149,836,094	97.63%	\$ 146,287,293
<b>TOTAL</b>	<b>\$ 4,017,165,087</b>		<b>\$ 3,922,020,314</b>

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SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RETAIL ELECTRIC OPERATIONS

AT SEPTEMBER 30, 2018

<u>NET DEFERRED DEBITS/CREDITS</u>	<u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u>	<u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</u>	<u>TOTAL AS ADJUSTED</u>
Environmental	(437,683)		(437,683)
Wateree Scrubber Deferral - Ratebase Adj	16,906,072	-	16,906,072
FASB 106 Rate Base Reduction	(117,359,154)	126,958	(117,232,196)
Pension Deferral - Rate Base Adj	37,404,820	-	37,404,820
Tax Reform Impact *	(598,472,903)	-	(598,472,903)
Canadys Retirement - Rate Base Adj	69,548,294	-	69,548,294
Abandoned Nuclear Units	<u>3,829,396,226</u>	<u>(3,829,396,226)</u>	<u>-</u>
TOTAL	<u>3,236,985,672</u>	<u>(3,829,269,268)</u>	<u>(592,283,596)</u>
* Offset is in Per Books ADIT			
<u>MATERIALS &amp; SUPPLIES</u>			
Nuclear Fuel	193,681,877	-	193,681,877
Fossil Fuel	44,289,989	13,206,081	57,496,070
Other Materials & Supplies	<u>138,005,753</u>	<u>-</u>	<u>138,005,753</u>
TOTAL	<u>375,977,619</u>	<u>13,206,081</u>	<u>389,183,700</u>
<u>WORKING CAPITAL, OTHER THAN MATERIALS &amp; SUPPLIES</u>			
Working Cash	116,800,767	(1,568,411)	115,232,356
Prepayments	<u>80,834,099</u>	<u>-</u>	<u>80,834,099</u>
Total Investor Advanced Funds	197,634,866	(1,568,411)	196,066,455
Less: Customer Deposits	(53,320,628)	-	(53,320,628)
Average Tax Accruals	(117,470,323)	-	(117,470,323)
Nuclear Refueling	(11,113,132)	-	(11,113,132)
Injuries & Damages	<u>(6,169,179)</u>	<u>-</u>	<u>(6,169,179)</u>
TOTAL WORKING CAPITAL	<u>9,561,604</u>	<u>(1,568,411)</u>	<u>7,993,193</u>

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SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
TOTAL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED SEPTEMBER 30, 2018

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPREC. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5%	FEDERAL INCOME TAX @ 21% (2)	PLANT IN SERVICE	ACCUM. DEPREC.	CWIP	MATERIALS & SUPPLIES	ADIT	DEFERRED DBT/CRDT	WORKING CASH
1	WAGES, BENEFITS & PAYROLL TAXES		(723,856)		(51,316)	38,759	154,647							(90,482)
2	INCENTIVE COMPENSATION ADJUSTMENT (1)		168,226		(70,110)	(4,906)	(22,836)							21,028
3	ANNUALIZE HEALTH CARE		565,702			(28,285)	(112,858)							70,713
4	REMOVE EMPLOYEE CLUBS (1)			(137,347)		6,867	31,968	(5,617,368)	(2,297,734)	-				-
5	PROPERTY RETIREMENTS							(89,348)	(89,348)					
6	REMOVE NEW NUCLEAR AMOUNTS (3)	(227,555,102)	-	(1,120,195)	(1,016,489)	(11,270,921)	(53,713,245)	(312,250,992)	(1,120,195)	(60,077,846)		(1,455,900)	(3,960,488,392)	-
7	CWIP							167,718		(167,718)				
8	ANNUALIZE DEPRECIATION BASED ON CURRENT RATES			850,603		(42,530)	(169,695)		2,879,266					
9	ADJUST PROPERTY TAXES				7,759,215	(387,961)	(1,547,963)							
10	ANNUALIZE INSURANCE EXPENSE		49,502			(2,475)	(9,876)							6,188
11	OPEB		(173,859)			8,693	34,685						130,481	(21,732)
12	TAX EFFECT OF ANNUALIZED INTEREST					5,709,422	22,838,242							
13	REMOVE AMOUNTS ASSOCIATED WITH DSM (1)	(35,563,667)	(12,436,336)		(168,863)	(1,148,423)	(5,345,911)							(1,554,542)
14	SWAP ADJUSTMENT	113,739,273			508,073	5,661,560	22,689,624							
15	FUEL INVENTORY										13,757,767			
	<b>TOTAL</b>	(149,379,496)	(12,550,621)	(408,939)	6,970,510	(11,460,200)	(15,273,218)	(317,789,990)	(628,011)	(60,245,564)	13,757,767	(1,455,900)	(3,960,357,911)	(1,568,827)

## Notes:

(1) Reflects blended federal tax rate of 24.5% (3 months at 35%, 9 months at 21%)

(2) Reflects current corporate tax rate

(3) Reflects blended federal tax rate of 24.5% and some elements at 21%

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SOUTH CAROLINA ELECTRIC & GAS COMPANY  
ACCOUNTING & PRO FORMA ADJUSTMENTS  
RETAIL ELECTRIC  
OPERATING EXPERIENCE  
TWELVE MONTHS ENDED SEPTEMBER 30, 2018

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1	WAGES, BENEFITS & PAYROLL TAXES		(704,312)		(49,930)	37,712	150,471							(88,039)
2	INCENTIVE COMPENSATION ADJUSTMENT (1)		163,684		(68,217)	(4,773)	(22,220)							20,461
3	ANNUALIZE HEALTH CARE		550,428			(27,521)	(109,810)							68,804
4	REMOVE EMPLOYEE CLUBS (1)			(134,094)		6,705	31,210	(5,493,521)	(2,243,313)	-				-
5	PROPERTY RETIREMENTS							(86,251)	(86,256)					
6	REMOVE NEW NUCLEAR AMOUNTS (3)	(227,555,102)	-	(1,081,369)	(1,016,489)	(11,272,862)	(53,722,281)	(301,428,373)	(1,081,369)	(58,089,269)		(1,407,710)	(3,829,396,226)	-
7	CWIP							162,167		(162,167)				
8	ANNUALIZE DEPRECIATION BASED ON CURRENT RATES			850,886		(42,544)	(169,752)		2,831,501					
9	ADJUST PROPERTY TAXES				7,588,146	(379,407)	(1,513,835)							
10	ANNUALIZE INSURANCE EXPENSE		48,411			(2,421)	(9,658)							6,051
11	OPEB		(169,165)			8,458	33,748						126,958	(21,146)
12	TAX EFFECT OF ANNUALIZED INTEREST					5,520,110	22,080,714							
13	REMOVE AMOUNTS ASSOCIATED WITH DSM (1)	(35,563,667)	(12,436,336)		(158,863)	(1,148,423)	(5,345,911)							(1,554,542)
14	SWAP ADJUSTMENT	113,739,273			508,073	5,661,560	22,589,624							
15	FUEL INVENTORY													
	<b>TOTAL</b>	<b>(149,379,496)</b>	<b>(12,547,290)</b>	<b>(364,577)</b>	<b>6,802,720</b>	<b>(1,643,406)</b>	<b>(16,007,700)</b>	<b>(306,845,978)</b>	<b>(579,437)</b>	<b>(58,251,436)</b>	<b>13,206,081</b>	<b>(1,407,710)</b>	<b>(3,829,269,266)</b>	<b>(1,568,411)</b>

## Notes:

(1) Reflects blended federal tax rate of 24.5% (3 months at 35%, 9 months at 21%)

(2) Reflects current corporate tax rate

(3) Reflects blended federal tax rate of 24.5% and some elements at 21%

The return on equity ("ROE") for SCE&G's retail electric operations of 7.75% for the twelve months ended September 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 7.75% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 7.75% for the twelve months ending September 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-308 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

SCE&G reserves its rights to supplement this filing, as appropriate.

## EXHIBIT B

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
CAPITAL STRUCTURE  
AT SEPTEMBER 30, 2018

<u>RETAIL ELECTRIC</u>	<u>CAPITALIZATION</u>	<u>RATIO</u>	<u>EMBEDDED</u>	<u>OVERALL</u>
	\$	%	COST/RATE	COST/RATE
			%	%
LONG-TERM DEBT	5,078,770,000	47.12	5.58	2.63
PREFERRED STOCK	100,000	0.00	0.00	0.00
COMMON EQUITY	5,700,727,083	52.88	7.75	4.10
<b>TOTAL</b>	<b>10,779,597,083</b>	<b>100.00</b>		<b>6.73</b>

The return on equity ("ROE") for SCE&G's retail electric operations of 7.75% for the twelve months ended September 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 7.75% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 7.75% for the twelve months ending September 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

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SCE&G reserves its rights to supplement this filing, as appropriate.



**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED SEPTEMBER 30, 2018**

NET INCOME AFTER DIV. OF PREF. STOCK	(\$207,433,289)
EARNINGS PER SHARE	(\$1.45)
AVG. NUMBER OF SHARES OUTSTANDING	142,916,917

The return on equity ("ROE") for SCE&G's retail electric operations of 7.75% for the twelve months ended September 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 7.75% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 7.75% for the twelve months ending September 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-308 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve-months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the re-measurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

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## EXHIBIT D

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
TWELVE MONTHS ENDED SEPTEMBER 30, 2018

LINE NO.		\$000's
1	EARNINGS	
2	Net Income	(444,652)
3	Losses from Equity Investees	5,084
4	Total Fixed Charges, As Below	300,829
5	TOTAL EARNINGS	(138,739)
6	FIXED CHARGES	
7	Interest on Long-Term Debt	277,167
8	Other Interest	17,283
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	2,931
10	Rental Int. Portion	3,448
11	Distribution on Trust Preferred	-
12	TOTAL FIXED CHARGES	300,829
13	Pre-tax earnings required to pay Preference Security Dividend	-
14	Total Fixed Charges and Preference Security Dividend	300,829
15	RATIO OF EARNINGS TO FIXED CHARGES	(0.46)
16	<sup>1</sup> - SEC COVERAGE	

The return on equity ("ROE") for SCE&G's retail electric operations of 7.75% for the twelve months ended September 30, 2018, is an indicator of SCE&G's current financial condition and reflects that the Company is under earning its authorized ROE of 10.25% as approved by the Public Service Commission of South Carolina ("PSC") in Order No. 2012-951 issued in Docket No. 2012-218-E. The Total as Adjusted ROE of 7.75% reflects the earnings associated with the base retail electric business only, and consistent with prior quarterly surveillance reports, excludes the impact of revenues associated with the abandoned nuclear units, related rate base adjustments, as well as impairment impacts including impacts on capital structure. By removing these amounts, the impact of the abandonment of the nuclear units and the associated impairment charge and tax impacts are not reflected in the Total as Adjusted ROE of 7.75% for the twelve months ending September 30, 2018.

The ROE results in this report do not reflect the negative impact of the relief that ORS requests in Docket No. 2017-305-E. As SCE&G has previously stated in affidavits filed with the PSC, if that relief is granted, it could lead to further impairment and related cascading events.

Additionally, pursuant to PSC Order No. 2018-108 issued in Docket No. 2017-381-A related to The Tax Cuts and Jobs Act ("Tax Act"), the PSC requires utilities to track and defer as a regulatory liability the effects resulting from the Tax Act. SCE&G estimated the impact of tax reform on SCE&G's base electric business (excluding impacts related to the abandoned nuclear project) using a test year of twelve-months ending December 31, 2017.

In addition, certain accumulated deferred income taxes contained within net regulatory liabilities represent excess deferred income taxes arising from the measurement of deferred income taxes upon the enactment of the Tax Act. Certain of these amounts will be amortized to the benefit of customers over a prescribed period as instructed by the PSC. Other amounts are being amortized under normalization rules. Any excess deferred tax amortization not currently reflected in customer rates is being deferred within regulatory liabilities in order to preserve the benefit for customers.

SCE&G reserves its rights to supplement this filing, as appropriate.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**TOTAL GAS DISTRIBUTION - OPERATING EXPERIENCE**  
**12 MONTHS ENDED**  
**September, 2018**

DESCRIPTION	PER BOOKS ADJ. FOR REGULATORY ORDERS	ACCOUNTING & PRO FORMA ADJUSTMENTS	TOTAL AS ADJUSTED
	COL. A \$	COL. B \$	COL. C \$
<b>OPERATING REVENUES</b>	<b>425,274,195</b>	<b>(12,426,373)</b>	<b>412,847,822</b>
<b>OPERATING EXPENSES</b>			
Cost of Gas	221,874,037		221,874,037
Other O&M Expenses	68,549,421	896,494	69,445,914
Depree. & Amort. Expenses	31,228,560	5,135,074	36,363,634
Taxes Other Than Income	31,077,361	1,320,184	32,397,545
Income Taxes	16,554,515	(11,770,133)	4,784,382
State	640,065	(988,357)	(348,293)
Federal	7,983,250	(10,781,775)	(2,798,525)
Def. Inc. Taxes (Net)	8,043,700	-	8,043,700
Invest. Tax Cr. (Net)	(112,500)	-	(112,500)
<b>Total Operating Expenses</b>	<b>369,283,894</b>	<b>(4,418,381)</b>	<b>364,865,513</b>
Operating Return	55,990,302	(8,007,992)	47,982,309
Customer Growth	988,570	-	988,570
Int. on Cust. Deposits Net	(218,294)		(218,294)
<b>Total Income For Return</b>	<b>56,760,578</b>	<b>(8,007,992)</b>	<b>48,752,585</b>
<b>ORIGINAL COST RATE BASE</b>			
Gross Plant in Service	1,235,849,685	(386,826)	1,235,462,859
Reserve for Depre.	465,914,025	305,893	466,219,918
Net Plant	769,935,660	(692,719)	769,242,941
CWIP	22,292,814	(327,291)	21,965,523
Accum. Def. Income Taxes	(94,122,000)	(164,371)	(94,286,371)
Net Deferred Debits / Credits	(83,008,678)	681,560	(82,327,118)
Materials & Supplies	17,641,695	-	17,641,695
Working Capital	(6,879,626)	112,062	(6,767,564)
<b>Total Original Cost Rate Base</b>	<b>625,859,866</b>	<b>(390,760)</b>	<b>625,469,107</b>
<b>RATE OF RETURN</b>	<b>9.07%</b>		<b>7.79%</b>
<b>RETURN ON EQUITY</b>	<b>12.61%</b>		<b>10.04%</b>



ADJ #	DESCRIPTION	REVENUE	O&M EXPENSE	DEPREC & AMORT EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 21%	PLANT IN SERVICE	ACCUM DEPRE	CWIP	ADIT	DEFERRED DEBITS & CREDITS	WORKING CAPITAL
1	ANNUALIZE WAGES, BENEFITS AND PAYROLL TAXES		(226,821)		(16,080)	12,145	48,459						(28,353)
2	INCENTIVE COMPENSATION ADJUSTMENT <sup>(1)</sup>		7,722		(13,042)	266	1,061						965
3	REMOVE EMPLOYEE CLUBS			(13,153)		658	2,624	(537,977)	(220,055)	-			-
4	RECOGNIZE PROPERTY RETIREMENTS, DEPRECIATION RESERVES					-	-	(176,140)	(176,140)				-
5	RECOGNIZE PROPERTY ADDITIONS/ADJUSTMENTS, PLANT IN SERVICE					-	-	327,291		(327,291)			-
6	ANNUALIZE DEPRECIATION- RESERVE ADJUSTMENT			573,214		(28,661)	(114,356)		702,088				-
7	ANNUALIZE PROPERTY TAXES				1,416,569	(70,828)	(282,606)						-
8	ANNUALIZE CUSTOMER AWARENESS CAMPAIGN EXPENSES		(54,042)			2,702	10,781						(6,755)
9	ANNUALIZE HEALTH CARE EXPENSES		98,677			(4,934)	(19,686)						12,335
10	OTHER POST-EMPLOYEE BENEFITS (OPEB)		(30,326)			1,516	6,050					22,760	(3,791)
11	ANNUALIZE INSURANCE EXPENSE		(14,954)			748	2,983						(1,869)
12	TAX EFFECT OF ANNUALIZED INTEREST					549	2,190						-
13	PENSION - CURRENT EXPENSE		(184,890)			9,245	36,886						(23,111)
14	WNA - AMORTIZATION OF DEFERRAL			4,575,013		(228,751)	(912,715)						-
15	ANNUALIZED REVENUE INCREASE (Order No. 2017-623) /DECREASE (Order No. 2018-678)	(19,460,987)			(105,342)	(967,782)	(3,861,451)						-
16	TAX REFORM- AMORTIZATION OF EXCESS DEFERRED TAXES						(1,977,718)				(164,371)	658,800	-
17	TAX REFORM IMPACT- NORMALIZE TEST YEAR REVENUES	7,034,614			38,078	349,827	1,395,809						-
18	TAX REFORM- ANNUALIZE CURRENT TAX BENEFIT						(4,860,512)						-
19	PIPELINE INTEGRITY MANAGEMENT AMORTIZATION		1,301,127			(65,056)	(259,575)						162,641
	<b>TOTAL ADJUSTMENTS</b>	<b>(12,426,373)</b>	<b>896,494</b>	<b>5,135,074</b>	<b>1,320,184</b>	<b>(988,357)</b>	<b>(10,781,775)</b>	<b>(386,826)</b>	<b>305,893</b>	<b>(327,291)</b>	<b>(164,371)</b>	<b>681,560</b>	<b>112,062</b>

(1) Reflects reversal of certain prior period incentive accruals

SUPPLEMENTAL  
SCHEDULE  
TO EXHIBIT A

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY**  
**GAS ANNUALIZED INTEREST EXPENSE**  
**12 MONTHS ENDED**  
**September, 2018**

RATE BASE	\$625,859,866
LONG-TERM DEBT RATIO	0.5035
	<hr/>
AVERAGE COST OF DEBT	\$315,120,443
ANNUALIZED INTEREST	0.0558
	<hr/>
	\$17,583,721
 TAX BOOK INTEREST	 \$21,549,014
INTEREST ADJUSTMENT	<div style="border: 1px solid black; padding: 2px;">(\$3,965,293)</div>
 ADJUSTMENT TO INCOME TAXES:	
 STATE INCOME TAX	<div style="border-top: 1px solid black; padding-top: 2px;">\$198,265</div>
 FEDERAL INCOME TAX	<div style="border-top: 1px solid black; padding-top: 2px;">\$791,076</div>
 TOTAL INCOME TAX EFFECT	<div style="border: 1px solid black; padding: 2px;">\$989,341</div>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
RATE BASE DETAIL TOTAL GAS OPERATIONS  
12 MONTHS ENDED  
September, 2018**

<b>NET DEFERRED DEBITS/CREDITS</b>	<b>PER BOOKS ADJ. FOR REGULATORY ORDERS</b>	<b>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</b>	<b>TOTAL AS ADJUSTED</b>
	\$	\$	\$
ENVIRONMENTAL	10,517,112	0	10,517,112
PENSION DEFERRAL	6,428,010	0	6,428,010
FSB 106 RATE BASE REDUCTION	(18,336,600)	22,760	(18,313,840)
TAX DEFERRALS	(81,617,200)	658,800	(80,958,400)
<b>TOTAL</b>	<b>(83,008,678)</b>	<b>681,560</b>	<b>(82,327,118)</b>
<b><u>MATERIALS &amp; SUPPLIES</u></b>			
NATURAL GAS STORAGE	15,090,157	0	15,090,157
OTHER M&S	2,551,539	0	2,551,539
<b>TOTAL</b>	<b>17,641,695</b>	<b>0</b>	<b>17,641,695</b>
<b><u>WORKING CAPITAL</u></b>			
WORKING CASH	8,568,678	112,062	8,680,739
PREPAYMENTS	11,184,749	0	11,184,749
CUSTOMER DEPOSITS	(9,681,075)	0	(9,681,075)
AVERAGE TAX ACCRUALS	(15,961,692)	0	(15,961,692)
INJURIES & DAMAGES	(990,285)	0	(990,285)
<b>TOTAL WORKING CAPITAL</b>	<b>(6,879,626)</b>	<b>112,062</b>	<b>(6,767,564)</b>



**EXHIBIT B**

	AMOUNT <sup>(1)</sup> PER BOOKS Sep-18 (COL. 1)	CAPITALIZATION RATIO (COL. 2) %	COST OF DEBT RETURN ON EQUITY (COL. 3) %	WEIGHTED COST OF CAPITAL (COL. 4) %
LONG-TERM DEBT	5,078,770,000	50.35%	5.58%	2.81%
PREFERRED STOCK	100,000	0.00%	0.00%	0.00%
COMMON EQUITY	5,007,594,624	49.65%	10.04%	4.98%
TOTAL	10,086,464,624	100.00%		7.79%

<sup>(1)</sup> Reflects actual capitalization at September 30, 2018.

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED SEPTEMBER 30, 2018**

NET INCOME AFTER DIV. OF PREF. STOCK	(\$207,433,289)
EARNINGS PER SHARE	(\$1.45)
AVG. NUMBER OF SHARES OUTSTANDING	142,916,917

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>**  
**TWELVE MONTHS ENDED SEPTEMBER 30, 2018**

LINE NO.		\$000's
1	EARNINGS	
2	Net Income	(444,652)
3	Losses from Equity Investees	5,084
4	Total Fixed Charges, As Below	<u>300,829</u>
5	TOTAL EARNINGS	<u>(138,739)</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	277,167
8	Other Interest	17,283
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	2,931
10	Rental Int. Portion	3,448
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	300,829
13	Pre-tax earnings required to pay Preference Security Dividend	<u>-</u>
14	Total Fixed Charges and Preference Security Dividend	<u>300,829</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	(0.46)
16	<sup>1</sup> - SEC COVERAGE	